



House of Representatives

General Assembly

File No. 579

February Session, 2014

Substitute House Bill No. 5031

House of Representatives, April 16, 2014

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE BUDGET RESERVE FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 4-30a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2015*):

4 (a) After the accounts for the General Fund have been closed for
5 each fiscal year and the Comptroller has determined the amount of
6 unappropriated surplus in said fund, after any amounts required by
7 provision of law to be transferred for other purposes have been
8 deducted, the amount of such surplus shall be transferred by the State
9 Treasurer to a special fund to be known as the Budget Reserve Fund.
10 When the amount in said fund equals [ten] fifteen per cent of the net
11 General Fund appropriations for the fiscal year in progress, no further
12 transfers shall be made by the Treasurer to said fund and the amount
13 of such surplus in excess of that transferred to said fund shall be
14 deemed to be appropriated to the State Employees Retirement Fund, in
15 addition to the contributions required pursuant to section 5-156a, but

16 not exceeding five per cent of the unfunded past service liability of the
17 system as set forth in the most recent actuarial valuation certified by
18 the Retirement Commission. Such surplus in excess of the amounts
19 transferred to the Budget Reserve Fund and the state employees
20 retirement system shall be deemed to be appropriated for: (1)
21 Redeeming prior to maturity any outstanding indebtedness of the state
22 selected by the Treasurer in the best interests of the state; (2)
23 purchasing outstanding indebtedness of the state in the open market at
24 such prices and on such terms and conditions as the Treasurer shall
25 determine to be in the best interests of the state for the purpose of
26 extinguishing or defeasing such debt; (3) providing for the defeasance
27 of any outstanding indebtedness of the state selected by the Treasurer
28 in the best interests of the state by irrevocably placing with an escrow
29 agent in trust an amount to be used solely for, and sufficient to satisfy,
30 scheduled payments of both interest and principal on such
31 indebtedness; or (4) any combination of these methods. Pending the
32 use or application of such amount for the payment of interest and
33 principal, such amount may be invested in (A) direct obligations of the
34 United States government, including state and local government
35 treasury securities that the United States Treasury issues specifically to
36 provide state and local governments with required cash flows at yields
37 that do not exceed Internal Revenue Service arbitrage limits, (B)
38 obligations guaranteed by the United States government, and (C)
39 securities backed by United States government obligations as collateral
40 and for which interest and principal payments on the collateral
41 generally flow immediately through to the security holder.

42 Sec. 2. Subsection (a) of section 10a-8c of the general statutes is
43 repealed and the following is substituted in lieu thereof (*Effective July*
44 *1, 2015*):

45 (a) Except as provided in subsection (b) of this section,
46 notwithstanding the provisions of sections 10a-77a, 10a-99a, 10a-109c,
47 10a-109i and 10a-143a, no funds shall be appropriated to the Office of
48 Higher Education for grants pursuant to subdivision (2) of subsection
49 (a) of section 10a-77a, subdivision (2) of subsection (a) of section 10a-

50 99a, subdivision (2) of subsection (b) of section 10a-109i and
51 subdivision (2) of subsection (a) of section 10a-143a: (1) Until such time
52 as the amount in the Budget Reserve Fund, established in section 4-
53 30a, as amended by this act, equals [ten] fifteen per cent of the net
54 General Fund appropriations for the fiscal year in progress, (2) the
55 amount of the grants appropriated shall be reduced proportionately if
56 the amount available is less than the amount required for such grants,
57 and (3) the amount of funds available to be appropriated during any
58 fiscal year for such grants shall not exceed twenty-five million dollars.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2015</i>	4-30a(a)
Sec. 2	<i>July 1, 2015</i>	10a-8c(a)

APP *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill raises the maximum allowable in the Budget Reserve Fund (BRF) from 10% to 15% of net General Fund appropriations.

The current balance of the BRF is \$270.7 million. For illustrative purposes, based on the net General Fund appropriations in sHB 5030, the FY 15 revised budget, as favorably reported by the Appropriations Committee, the maximum allowable in the BRF under the bill would be \$2.6 billion in FY 15.

OFA Bill Analysis

sHB 5031

AN ACT CONCERNING THE BUDGET RESERVE FUND.

SUMMARY:

The bill raises the maximum allowable in the Budget Reserve Fund from 10% to 15% of net General Fund appropriations.

EFFECTIVE DATE: July 1, 2015

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 34 Nay 15 (04/01/2014)